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SIPDIS

STATE FOR PM/DTCC-BLUE LANTERN COORDINATOR

E.O. 12958: N/A
TAGS: [AU](#) [ETTC](#) [KOMC](#) [KS](#)
SUBJECT: RESPONSE TO BLUE LANTERN LEVEL 1: POST-
SHIPMENT END-USE CHECK LICENSE 050047010

REF: A) STATE 47861

¶1. Per reftel, post contacted the Defense Acquisition Program Administration (DAPA) and EO System Co. Ltd. by email and phone. Due to resource constraints, a site visit was not conducted.

¶2. DAPA's International Cooperation Division Export-Import Control

Officer Ms. Lee Yoem-kyong confirmed that EO System has been a DAPA registered defense material supplier since 1984. EO System is an official supplier of Night Monocular Scopes and Day & Night Sight and Night Driver Viewers that are primarily installed in armored vehicles for the Korean Marine Corps under the Ministry of National Defense (MND). The EO supplies these items directly to ROK MND. Moreover, EO System is an official and primary supplier of binocular, monocular and periscopes for defense purposes for the ROK Marine Corps.

¶3. DAPA confirmed that in 2006 it signed a contract with Samsung Techwin to supply 42 armored vehicles (1 intended for the commander and 41 intended for the Korean Marine Corps). The contracting period is from March 2008 to August 2010. DAPA also reported that under the contract between EO and Samsung Techwin, the EO's delivery of the remaining 30 Gunner Viewer (IR module integrated) sets is scheduled to be completed by December 17, 2009.

¶4. During initial conversations last week with Mr. Hwang In-seop, EO's Sales Manager, Post was informed that EO had imported the infrared radars from Selectron. However, in a subsequent conversation on May 20, 2008 with Mr. Bae Kyu-yong, EO's Purchasing Manager, it was explained that the company had canceled the initial order for infrared devices from Selectron because the U.S. Company had been unable to meet EO's delivery dates.

¶5. In August 2007, EO placed an order for 15 infrared devices from SCD, an Israeli firm, and took delivery in September 2007. EO plans to import the remaining infrared devices required to fulfill its contract from SCD although the additional order has not yet been placed. EO understood that SCD's infrared devices were Israeli developed. Mr. Bae admitted that

the confusion on this case was due to miscommunications within EO.

¶16. Ms. Lee at DAPA was unable to confirm EO's account of the change in suppliers because DAPA does not check every single part that is used in the assembly of contracted goods. DAPA reported that its main concern is that the completed armored vehicle sold by Samsung Techwin operates as ordered.

¶17. DAPA reported that with respect to the 41 E3500 - infrared modules, EO System's role is to integrate the imported infrared devices into the Gunner Viewers and supply them to Samsung Techwin, a direct supplier of armored vehicles equipped with the Gunner Viewers. If EO had not canceled the order with Selectron, the transactions of the infrared devices would have been as follows:

Selectron (US seller) => EO System (Foreign Consignee and local supplier of Gunners' Viewer) => Samsung Techwin (Supplier of armored vehicles equipped with the Gunners' Viewers assembled by US manufactured IR modules) => ROK Marine Corps/MND (End-user)

¶18. DAPA officials reported that on December 24, 2007 EO System had delivered 11 sets of the Gunner Viewers to Samsung Techwin, presumably with the devices supplied by SCD. Samsung Techwin subsequently delivered three completed armored vehicles to the ROK Marine Corps/MND (one on March 28 2008, and two on April 30 2008) that contain Gunner Viewers integrated by EO System.

¶19. In Post's conversations with EO System, it was unclear if EO or Selectron had informed MND and Samsung Techwin about reporting a loss or theft within 15 days.

VERSHBOW